

DECEMBER 20, 2011

Minutes of the monthly meeting of the Municipal Services Commission held December 20, 2011 at the office of the Commission, 216 Chestnut Street. The meeting was called to order at 4:00 P.M. with Robert S. Appleby, President, Commissioner, presiding.

Attendance Report:

Present:

Robert S. Appleby, President, Commissioner

Daniel F. Knox, Commissioner

Dr. Roy J. Sippel, Commissioner

Francis L. Patterson, Secretary

MINUTES

With the concurrence of all the Commissioners the minutes of the November 17, 2011 regular monthly meeting were approved without alteration.

COMPTROLLER'S REPORT

Secretary Patterson reported for Comptroller Patone. He presented the Executive Summary Report which noted that Converting Solutions was issued a credit on December 19, 2011 for demand charges per the agreement with their attorney in the amount of \$6,565.17. He told the Commissioners Comptroller Patone is following up on developing the Commercial Deposit policy and spoke with Jeff Waxman of Morris James to confirm whether letters of credit and or payment bonds could be applied to balances if a company went into bankruptcy. He said Mr. Waxman was very helpful and gave her other suggestions which she will review and make final recommendations. He told the Commissioners that Cash increased \$96,000 from the previous month and that Accounts Payable increased by \$103,000 due to the Buttonwood project and a payment to J. Fletcher Creamer. In Revenue and Expenses he reported Net Assets are in excess of \$560,000.

The Secretary said that the Comptroller and he conferred and were recommending that the \$102,935 refund the MSC received from DEMEC be refunded through the PPA (Power Purchase Adjustment) in the amount of 1¢ per kilowatt hour. The Secretary said there are sufficient monies to cover two months. President Appleby said he felt there were sufficient monies to refund 1¢ per kilowatt hour until the end of the fiscal year. He went on to say this will give the Commissioners sufficient time to look at the consultant's report on rates and evaluate their recommendations. After discussion, upon motion made and a unanimous vote, the Commissioners elected to refund to customers 1¢ per kilowatt hour starting with the December 27, 2011 statement through the end of the fiscal year (March 27, 2012 statement). The credit would be reflected on the customer's statement through the PPA (Power Purchase Adjustment) clause of the tariff.

Commissioner Appleby asked the Secretary what the Comptroller and he were recommending be done with the unexpended funds from the construction of the Dobbinsville substation. The

Secretary said he spoke with Tim Fry, DEMEC's bond counsel, to determine how the monies can be expended in compliance with the bond documents. He said Mr. Fry said up to 5% of the bond proceeds can be used for operating costs (which is \$350,000) and that interest paid during construction up to one year after completion could be reimbursed (estimated to be \$348,014.94). He said this exceeds the unspent monies and in his opinion should be returned to customers rather than be held by DEMEC. A lengthy discussion ensued over the savings and how they can be used. The Commissioners decided that they would wait until the rate study was complete before making any decision as to how the unexpended monies should be handled.

The Secretary said Comptroller Patone has been supplying Utility Financial Solutions with data for the rate study and there is an expectation that a draft report will be available in January.

The Secretary told the Commissioners lineman Jake Henasey questioned the pension calculation Summit Financial supplied because the benefit did not calculate his stand-by pay or overtime. The Secretary said there was a labor contract amendment to the pension agreement in 2007 which Summit overlooked. The Secretary said the Comptroller is working with Summit to develop a document that reflects all amendments which can be distributed to employees.

The Secretary said the Comptroller reports she is working with the front counter staff about ergonomically functional furnishings. She invited a furniture salesman the MSC has used in the past to make recommendations. She also reports that the scanner and software are scheduled for the third week in January.

Commissioner Sippel reported on his work with the Comptroller and Secretary to identify an On-Line Payment processor. He told his fellow Commissioners that he believes they have narrowed their search to two possible vendors and are in the process of re-interviewing those companies. Commissioner Sippel said that he would like to see the MSC cover the cost of e-checks but the cost of credit card transactions would be added to the customer's payment by the processing vendor. He explained how he felt this could potential cut costs and that with promotion 30 to 50 percent of customers may elect to pay using this method.

Secretary Patterson said in the updated five year Cash Flow Report, Comptroller Patone notes that the lower cost of power results in a significant positive cash flow. She adds that staff is meeting to discuss a capital plan to proactively address water infrastructure issues especially since anticipated charter changes will allow the MSC to access the State Revolving Fund. He added that she concludes her reports by saying that once the rate study is complete the Commissioners will have a better understanding of cash reserves and what a new rate structure may look like.

Upon motion made and unanimous approval, the Commissioners accepted the financial report for the month of November and approved the payment of the November bills attached hereto.

#### SECRETARY'S REPORT

Secretary Patterson reported at the December 7, 2011 meeting of DEMEC there were two major issues the Board dealt with. The first, he said, was the 2012 Budget where President McCullar

had proposed two new staffing positions. The Secretary said the President was requesting an accounting position and an administrative assistant position. The Secretary told the Commissioners DEMEC's Board approved the accounting position but deferred the assistant position. The Secretary said the budget was adopted with a new power supply billing rate of \$85.54 a megawatt hour. He went on to say the second major item of concern the Board discussed was the Electric Co-Op's interest in acquiring municipal electric utilities. The Board discussed what impact this would have on property tax rates and how a consultant analysis done by Lewes show it was not in long term interest for Lewes to sell their electric utility. The Board also discussed how the Co-Op's plan to acquire municipal electric utilities works to further the interests of DEDO and the Governor who have been outspoken about municipal utility rates. The Secretary said the Board discussed hiring a PR firm and forming a Legislative Committee. The Secretary described Mayor Branner of Middletown's comments to the Board regarding economic development and what he believes companies are looking for when locating to Delaware or expanding in Delaware. He told the Board he believes they want to be assured all necessary utilities can be supplied and the building permitting process is quick and proactive. The Secretary said the Board agreed they needed more information before forming their message and asked Mayor Branner and President McCullar to speak with the Governor and Secretary Levin of DEDO.

Upon motion made and unanimous approval the Commissioners voted to go into Executive Session to discuss legal matters relating to a lawsuit with Riverbend in Old New Castle. Upon motion made and unanimous approval the Commissioners voted to return to their General Session.

Secretary Patterson told the Commissioners that there was an inquiry from McConnell Development for a large electric and water user in Centerpoint Business Park. He said the electric and water departments supplied requested information and that he offered to meet with McConnell Development to explain what sort of capacity the MSC has to offer if that would help them attract tenants to the Park. The Secretary said in Riveredge Business Park, Zenith is still inquiring about solar and the size installation they can build. He said Zenith also requested hourly usage data which the MSC provided at a charge.

The Secretary reported for Supervisor Blomquist in the Electric Department. He said Supervisor Blomquist was busy this past month answering questions regarding McConnell Development's request in Centerpoint and Zenith's in Riveredge. He was also investigating the status of TA Instruments' request to install solar for their building. The Secretary said he will address this subject later under New Business. The Secretary said Supervisor Blomquist was involved in reviewing plans to upgrade the electric service in Building 400 Centerpoint from 200 to 400 amps for Goodwill Industries. He also was involved in a Centerpoint Building where a truck backed into a meter pan destroying the meter. He went on to say on the Penn Farm Supervisor Blomquist ordered wire to run the new services for the property. He also found an error which will reduce the cost of the post for the area lighting. The Secretary further reported for Supervisor Blomquist that at the Wilmington Road substation the batteries and charger have been delivered. A quote has been requested from Security Instruments to duplicate the perimeter security they installed at the Dobbinsville substation and from B-Safe to purchase security cameras. At the Dobbinsville substation he reports that Southern States and Utility Engineers

were on site December 5, 2011 to re-install the motor operator for the disconnect and re-energize the new transformer. On December 8, 2011 the electric crew transferred a portion of the city's load to the Dobbinsville substation. The Secretary said now that Dobbinsville is back on line Supervisor Blomquist will work with Utility Engineers on the CT metering issue to deal with power factor. Supervisor Blomquist further reports there has been no storm damage this past month and the electric crew continues to trim trees as well as sharpen their field skills by replacing the oldest utility poles. In personnel the Secretary said Supervisor Blomquist states that March 31, 2012 will be Jake Henasey's last day. The Secretary said staff has discussed a retirement dinner at the end of March 2012 for Jake and Tom Spicer. In other personnel issues Supervisor Blomquist reports Dave Bennett starts his fourth year apprentice class and Ryan Auger his first. Supervisor Blomquist also reports that Meter Reader Allen Schiff and he attended an Itron metering school in Clemson South Carolina. The Secretary said Supervisor Blomquist has been working to make sure the line trucks are in good order. T-6 has had numerous hydraulic issues addressed by Benz Hydraulics and needs to go to Dueco to get a few other problems addressed. T-2 is scheduled to go to Dueco for its five year maintenance service and Dueco will provide a loaner for the MSC to evaluate as a replacement for T-7 which is budgeted to be replaced this coming year.

The Secretary reported for Supervisor Guyer in the Water Department. The Secretary said Supervisor Guyer gave a tour of the new water plant and SCADA system to Brad Dennehy of Milford. Other municipal water systems were unable to attend but Mr. Dennehy was duly impressed. Supervisors Guyer, Jaeger and Blomquist took further instruction on operation of the SCADA system from Keystone Engineering. The Secretary showed the Commissioners a map that illustrated the obstacles and path of the water main through the drainage culverts on Buttonwood Ave. The Secretary said the MSC needed to stay in the current easement since it was unable to secure an easement from a private property owner. The Secretary said as soon as this area is traversed the Buttonwood relining project will be complete and a follow up meeting with residents will be held. The Secretary told the Commissioners as instructed he became more involved with DelDots plans for repaving Washington Street and a meeting was held with Council President Barthel and City Administrator Thomas. The Secretary said the City Officials agreed to bring in the City Engineer who related the MSC and City's concerns to DelDot. After discussion the City Engineer felt that DelDot was resolute in their position and would not agree to rebuild the water line on Washington Street. The Secretary said he has asked Supervisor Guyer to form a backup position regarding the minimum number of valves that should be replaced or installed to assure a shut down if a problem starts occurring after the project is complete. He said a meeting with DelDot will be held to discuss them paying for these improvements. The Secretary said the Supervisors had both water and electric personnel including the meter reader take a course in safe rigging practices. The Secretary mentioned that there were pictures in their water reports that show the work on Buttonwood Ave. and A Street.

### OLD BUSINESS

The Secretary told the Commissioners the planting of trees for the Dobbinsville substation was complete. He said that he has Bob Rizzardi looking at the plantings at the Wilmington Road substation and has ordered the removal of dead shrubbery and trees with the intention of replanting the screening in the Spring. He said as previously reported the batteries and charger

for the Wilmington Road substation have been delivered.

The Secretary said that the Planning Commission approved the MSC request for a backup well on the Penn Farm and there is a Board of Adjustment hearing scheduled for January 4, 2012 to have the special exception heard.

### NEW BUSINESS

The Secretary said there is a holiday tradition that rewards non-union employees for the extra time they donate to the MSC. He said Commissioner Appleby suggested he put in writing the amounts he was suggesting for these employees which includes special recognition to Supervisor Guyer for his development of a cross connection control program which has become a model for the state. Upon motion made with unanimous approval with Commissioner Knox abstaining, a sum of \$300 for staff, \$500 for administrative staff and \$1,000 for Supervisor Guyer was approved.

Secretary Patterson said Administrative Staff met with Heather Warren of the Office of Drinking Water to discuss SRF funds for water projects. The Secretary said that Supervisor Guyer feels that relining the mains in Dobbinsville would be a worthwhile endeavor and got estimates from J. Fletcher Creamer of approximately \$250,000 to do it. The Secretary said this has lead to staff recommending to the Commissioners that the MSC take a more proactive approach to address water infrastructure before it becomes a problem. The Commissioners questioned the Secretary on the pros and cons and said and agreed a long range plan made sense. They told the Secretary to come back when staff formulated a plan.

The Secretary said the New Castle Alliance requested a waiver for the 20% administrative charge the MSC imposes for work it does. He said the MSC installed outlets on the downtown street lights at the request of the New Castle Alliance. After discussion the Commissioners granted the waiver.

The Secretary said that he believes the MSC Tariff should be amended to limit the time an entity has to install solar once the MSC has approved their plan. He suggested that it be one year from the approval date otherwise the solar reservation would be made available to other applicants. The Secretary said since there are a limited amount of KWs available it did not seem fair to hold an approved applicants place if they do not make the installation. The Commissioners agreed and asked the Secretary to draft a Tariff amendment for their review and passage.

### DECEMBER MEETING

The Commissioners set the date of the next monthly meeting to be January 19, 2012 at the office of the Commission, 216 Chestnut Street.

### ADJOURNMENT

By motion made and unanimous approval, the Commissioners voted to adjourn.

Approved \_\_\_\_\_  
Date

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Francis L. Patterson, IV